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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 20, 2001

APPLICATION OF

TITAN ENERGY OF CHESAPEAKE, INC.

CASE NO. PUE000486

For a license to conduct
business as a competitive
service provider in natural
gas retail access pilot programs

ORDER GRANTING LICENSE

On January 11, 2001, Titan Energy of Chesapeake, Inc. ("Titan" or "Company"), completed an application for licensure to conduct business as a natural gas competitive service provider. The Company states that it proposes to provide competitive natural gas service in the retail access pilot programs of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CGV").

On January 19, 2001, the Commission issued its Order for Notice and Comment, requiring that notice of the application be published, providing for the receipt of comments from the public, and requiring the Commission's Staff to analyze the reasonableness of Titan's application and present its findings in a Staff Report to be filed on or before February 12, 2001.

The Company filed proof of publication of its notice on February 6, 2001. No comments from the public on Titan's application were received.

The Staff filed its Report on February 12, 2001, concerning Titan's fitness to provide competitive natural gas service. Staff discussed Titan's request for a waiver of 20 VAC 5-311-50 A 12 a of the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 et seq. ("Interim Rules"), which requires an applicant to file an audited balance sheet and income statement for the most recent fiscal year, as well as published financial information, if available. In lieu of filing the required documents, Titan filed financial statements of its immediate parent company, AES Power Direct and its ultimate parent, AES Corporation. Titan also filed a letter from AES Power Direct confirming that AES Power Direct will be responsible for any obligation incurred by Titan as a competitive service provider in the Commonwealth of Virginia. Staff recommended that the waiver be granted as requested and stated that the alternate financial information filed by the Company, together with its experience as a supplier in WGL's pilot program, serve as sufficient evidence of financial responsibility.

Staff concluded that Titan satisfies the financial and technical fitness requirements for licensure, and Staff

recommended that a license be granted to Titan for the provision of natural gas service to commercial, residential, and industrial customers in the WGL and CGV pilot programs.

Titan did not file a response to the Staff Report.

NOW UPON CONSIDERATION of the application, the Staff Report, representation by the Company and the applicable law, the Commission finds that the Company's application to provide competitive natural gas service should be granted. We will also grant the waiver of our requiring audited financial statements. Accordingly,

IT IS ORDERED THAT:

(1) Titan Energy of Chesapeake, Inc., hereby is granted license No. PG-18 to provide competitive natural gas service to commercial, residential, and industrial customers in conjunction with the WGL and CGV retail access pilots. This license to act as a competitive service provider is granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(2) As provided by the Interim Rules, 20 VAC 5-311-60 A, Titan is granted a waiver of 20 VAC 5-311-50 A 12 a and the submitted financial information is accepted in lieu of audited financial statements.

(3) This license shall expire upon termination of the WGL and CGV pilot programs unless otherwise ordered by the

Commission. This license is not valid authority for the provision of any product or service not identified within the license itself.

(4) Failure of Titan to comply with the Interim Rules, the provisions of this Order, other State Corporation Commission orders and rules, or other applicable state or federal laws may result in an enforcement action by the Commission including, without limitation, the revocation, suspension, or modification of the license granted herein, the refusal to renew such license, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(5) This case shall remain open for consideration of any subsequent amendments or modifications to this license.